

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

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DATE

October 31, 2018

MOTOR CARRIER MATTER

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DOCKET NO.

2018-202-E

UTILITIES MATTER

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ORDER NO.

SUBJECT:

DOCKET NO. 2018-202-E - Petition of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for Approval of CPRE Queue Number Proposal, Limited Waiver of Generator Interconnection Procedures, and Request for Expedited Review - Staff Presents for Commission Consideration Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Petition for Approval of CPRE Queue Number Proposal, Limited Waiver of Generator Interconnection Procedures, and Request for Expedited Review.

COMMISSION ACTION:

Move that we grant portions of the requests from Duke Energy Carolinas, LLC and Duke Energy Progress, LLC. In so far as limited waiver is necessary under Sections 1.6, 3, 4.2, and 4.3 of the South Carolina Generator Interconnections Procedures to allow South Carolina projects to bid into and enter the CPRE Queue, I move that we grant the request. Similarly, I move that we grant limited waiver of Forms and Agreements and of the System Impact Study Agreement as discussed within the request.

Also, I move that we limit our ruling in this matter to approval of waivers that are strictly necessary to allow South Carolina projects to bid into and enter the Tranche 1 of the CPRE Queue.

Subsequent to the initial request, Duke also requested that we find that upgrade costs, traditionally incorporated into the price of the solar project, are properly entered into rate base – if found reasonable and prudent – in a future rate case. I move that we deny any consideration of such costs, or the appropriateness of seeking recovery and incorporation of such costs into rate base at this time. As indicated in the October 5th North Carolina Utility Commission Order in Docket No. E-100, Sub-101, and I quote:

“Based upon the submissions and statements by the parties [including Duke], the most competitive projects with the likelihood of winning in the Tranche 1 RFP should be in locations with ‘sufficient capacity that minor, if any, grid upgrades, are required to interconnect the facilities.’ Duke Further indicated ‘there would not be material upgrades’ in Tranche 1, due to available capacity on both the DEP and DEC system.”

However, in that same order, the North Carolina Utilities Commission stated that the issues of cost allocation of grid upgrades warrants further consideration for future tranches of the CPRE. Mr. Chairman, I share the concern of our North Carolina counterparts. While I move that we grant waivers to the extent necessary for participation in Tranche 1, I move that we also recognize the need for potential revision of the CPRE rules and Duke’s CPRE plan for future tranches after it gains experience through Tranche 1.

Further, in respect to future Tranches where grid upgrades costs are more likely to occur, I move that we evaluate the following options -- and possibly others that may be proposed by the parties -- prior to consideration of approval of such future Tranches: 1) change the CPRE participation approval in this state to remove the ability of Duke to recover grid upgrade costs in base rates; 2) change the CPRE program plan to require the initial bids to contain all of the Interconnection Customers costs; 3) revise the CPRE process to allow competitive bidders to refresh their bids based on the assessment of grid upgrades identified in Step Two of the CPRE RFP bid evaluation process; and 4) explore options for Duke to more specifically direct generators to locations on the system that will not involve major network upgrades.

Additionally, comments by the intervening parties have elicited concerns that are to be addressed by the following:

Foremost, This Commission retains jurisdiction over all South Carolina CPRE projects and the disputes that arise from the CPRE Program for South Carolina solar developers. Additionally, Duke shall take adequate measures to ensure non-bidding interconnection requests are not negatively impacted by the requested waivers or by the Companies' administration of the CPRE Program.

All non-bidding interconnection requests shall be processed and studied according to the timelines required by the South Carolina Generator Interconnection Procedures and should not be delayed or disadvantaged in any way by the concurrent processing of interconnection requests in the CPRE Program.

The Companies shall update and file reports with the Commission and ORS similar to those reports required by the NCUC and Public Staff in the CPRE Program Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, and the North Carolina Interconnection Procedures Docket No.E-100, Sub 101.

While Tranche 1 interconnection customers that voluntarily agree to participate in the CPRE Program will of course be subject to the rules, regulations and fees of the NCUC related to the administration of the CPRE Program, Tranche 2 will not be approved without a proceeding before the Commission that defines the program and results in a framework for administering CPRE in South Carolina.

The Tranche 1 group study must define:

1. Who participates in a group study and how they apply for the process,
2. Timelines for each step of the process,
3. How groups would be formed, and how the studies will be conducted to evaluate the impacts associated with interconnecting the group,
4. What happens if projects drop out of the study group (i.e., are restudies required and if so, when and how are they conducted), and
5. How costs will be allocated between projects in a group.

Concern exists regarding the backlog of the Companies' existing queues that are administered under the South Carolina Generator Interconnection procedures. As a result, Duke shall report the status of its queue, the reasons for the backlog, and its plan to remedy the problem to the Commission within 30 days of the date of this order. ORS is requested to follow up with an investigation and also report on the status of the queue within 30 days of the date of the Companies' report. Duke shall follow up quarterly with a status report regarding the queue

and ORS is requested to verify this update.

Concern also exists that Duke's proposal could result in undue negative impacts to South Carolina projects not bidding into the CPRE Program and the possibility that non-CPRE projects could be treated in a discriminatory manner, particularly with regard to study resources allocated between projects under the South Carolina Generator Interconnection Procedures and projects allocated to CPRE projects. To allay this concern, the report required above shall also:

1. Indicate which projects have been bid into CPRE, which projects were selected as CPRE winners, and which projects bid into CPRE but were not selected. This information shall also be included in the semi-annual interconnection queue reports currently filed by Duke in Docket No. 2015-352-E.
2. Identify for ORS, if requested, the intervals for every significant milestone for every queued ahead non-CPRE project, including intervals for receipt of System Impact and Facilities Studies Agreements, for the System Impact and Facilities Studies to be completed, for when studies are completed and the Interconnection Agreement is received, and for when the Interconnection Request is received to execution of Interconnection Agreement.
3. Provide aggregate statistics on CPRE and non-CPRE projects, including:
 - The actual allocation of FTEs and person-hours devoted to the processing of CPRE and non-CPRE projects (for the transmission and distribution queues), including on a per-project and per-megawatt basis;
 - Information on Interconnection Study Intervals for System Impact Studies and Facilities Studies for CPRE versus non-CPRE projects;
 - Information on Interconnection Study Backlogs for CPRE versus non-CPRE projects; and
 - The number of CPRE versus non-CPRE projects that achieved each significant interconnection milestone (i.e. system impact study complete, facilities study complete, IA signed, interconnection achieved) during the reporting period. This information shall also be included in the quarterly report currently provided to ORS and the SCSBA pursuant to the February 26, 2016 Memorandum of Understanding approved by the Commission in Docket No. 2015-362-E.

I further move that a full order be issued following the directive issued pursuant to this motion. So moved.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
ELAM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

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(SEAL)



RECORDED BY: J. Schmieding